

Department of Energy



Competitive Sourcing/A-76 Headquarters Overview

Office of Management, Budget and Evaluation/CFO

Office of Competitive Sourcing/A-76 (ME-2.1)

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March 26 & 27, 2003

Agenda

- **A-76 Mandate**
- **A-76 is a Management Tool**
- **The A-76 Process**
 - **What it is**
 - **Keys for Success**
- **DOE**
 - **Background**
 - **Functional Area Studies**
 - **Executive Steering Group**
 - **Current Status**

A-76 Mandate

“Government should be market-based--we should not be afraid of competition, innovation, and choice. I will open government to the discipline of competition”

George W. Bush

- **Part of The President's Management Agenda**
- **A Government Wide Initiative**
- **Semi-annual OMB Score Cards with quarterly updates**

A-76 Directives from OMB

- **The Bush Administration released three Office of Management and Budget (OMB) Memorandums outlining initiatives for competing commercial activities and identifying inherently governmental functions.**
 - **February 14, 2001 – OMB memorandum highlighted the objective to expand A-76 competitions and produce a more accurate Federal Activities Inventory Reform Act (FAIR Act) inventory analysis. OMB also requested agencies to submit a separate inventory identifying all inherently governmental positions within agencies.**
 - **March 9, 2001 – OMB memorandum expanded the February 14 memo and directed all federal agencies to complete public private or direct conversion competitions (A-76) on not less than 5% of commercial in nature positions listed in FAIR Act job lists in FY 2002.**
 - **June 2001 – OMB directed agencies to compete at least an additional 10% of "commercial in nature" positions in 2003.**

The A-76 process

- **The Process focuses on :**
 - **Organizational structure**
 - **Work processes**
 - **Defined outcomes**
 - **Competition**
 - **Government/customer requirements**

A-76 is “a” Management Tool

- **Competition provides opportunity for managers to:**
 - **Streamline organization**
 - **Implement best business practices**
 - **Increase productivity**
 - **Enhance quality**
 - **Increase efficiency of operations**
 - **Lower operational costs**

What is A-76?

- A-76 is not contracting out or outsourcing
- A-76 is a competition resulting in increased efficiency and lower costs
 - The taxpayer wins, whomever is selected
- Historical competition results:
 - Government wins 50 - 60% of competitions
 - 30 - 40+% savings achieved (regardless of who wins)

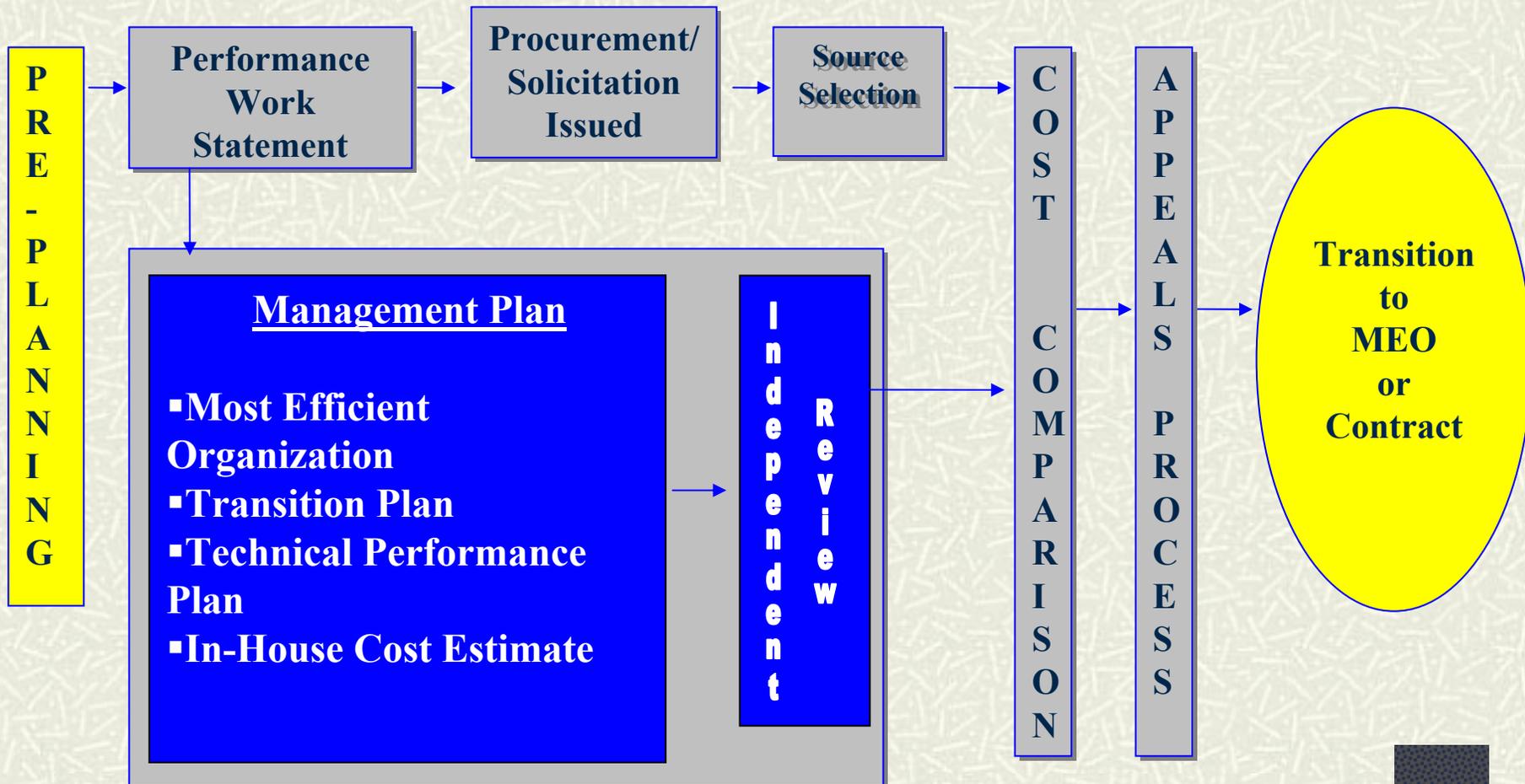
Keys for a Successful A-76 Study

- Start with a well organized approach
- Effective communications strategy and planning is critical
- Top-down commitment is essential to set the tone and stay the course
- Studies are resource intensive
- Set realistic timelines and milestones
- Focus on customer requirements

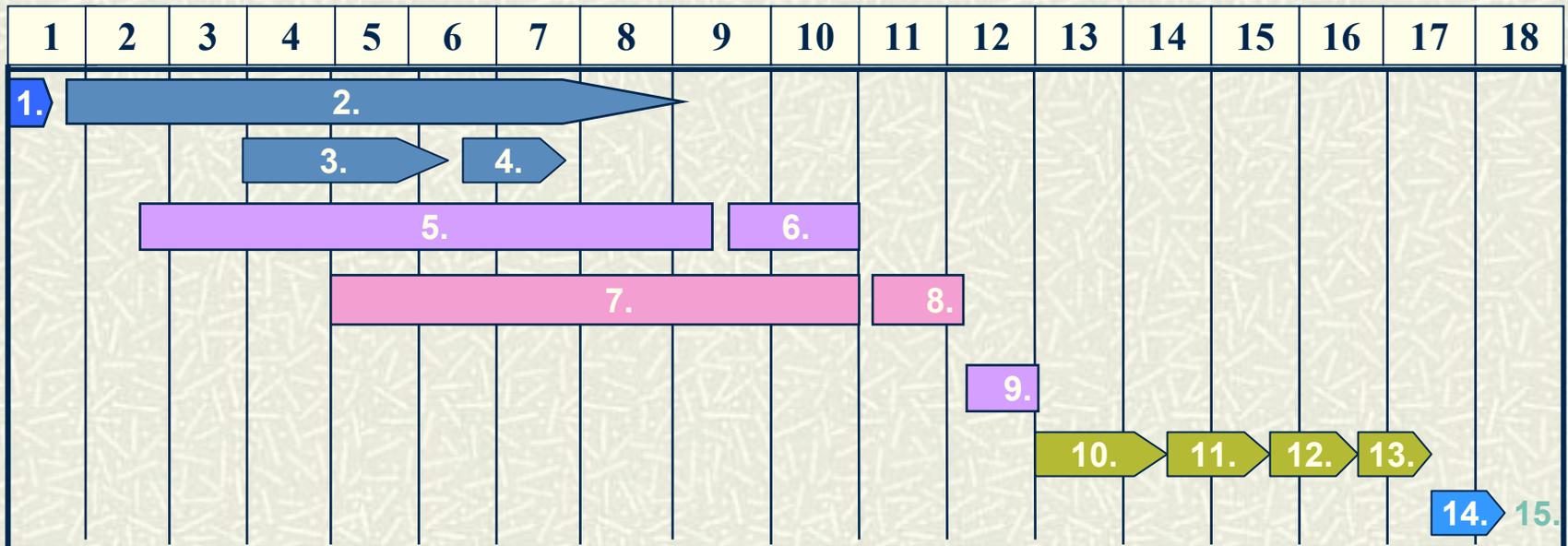
A-76 Challenges

- **A-76 studies have numerous challenges**
 - **Managerial**
 - **Balancing study and mission priorities**
 - **Allocating and managing resources**
 - **Meeting study milestones**
 - **Minimizing adverse impact on employees**
 - **Adverse personnel actions**
 - **Cultural**
 - **Managing employee fear and resistance**
 - **Maintaining union partnership**
 - **Managing organizational overload**
 - **Educating other stakeholders**
- **Effective up-front planning and a strong communications strategy can minimize risk**
 - **Ensure successful completion**
 - **Sustain or improve mission accomplishment**
- **Effective contractor competition**
 - **Quality of solicitation package**
 - **Source selection evaluation process**

Full A-76 Cost Comparison Study Process Flow



Typical A-76 18 Month Timeline



1. Planning effort for A-76 study
2. Conduct management study
(gather historical data, write PWS & QASP)
3. Review results of management study
4. Make changes & obtain approvals
5. Pre-solicitation actions (RFI, pre-solicitation conferences)
6. Prepare & reproduce solicitation
7. Develop Management Plan (MEO, TPP, TP's, IHCE)
8. Perform independent review of Management Plan
9. Receive Contractor/Government response to solicitation
10. Evaluate offerors proposals
11. Obtain pre-negotiation business clearance approval
12. Discussions w/offerors, modify proposals, review best & final offers, if necessary
13. Obtain post-negotiation business clearance approval
14. Compare w/in-house proposal
15. Decision

Background

- **President's Management Goal is to study 50% of all commercially coded positions**
- **DOE goal is to study approximately 3300 FTE (50% less PMAs equates to revised 33% goal)**
 - **1200 being studied in FY 02/03**
 - **2100 to be studied in the out years (FY 04-06)**

DOE Background

- **President's/OMB requirement to study 15% of 2001 FAIR Act commercial inventory by end of FY 2003**
 - **DOE listed 9,889 FTE of 14,717 FTE as “not inherently governmental” on 2001 FAIR Act inventory (6/2001)**
 - **Reduced by removing the PMAs (3500) leaving 6580 - resulting in a goal of 10% of 9889 or about 1,000 FTEs**
- **March 22, 2002 DOECAST Announcement commencing the Competitive Sourcing Initiative stems from the DOE FY02/03 OMB requirement to competitively source approximately 1,000 FTEs**

DOE Background

- **Functional area study targets are a mix of Department-wide and specific organizations—primarily “administrative” activities.**
- **Team Leaders of the study areas and plans of actions have been approved by the ESG**
 - **Initial validation of numbers and functions (completed)**
 - **Opportunity to modify FAIR Act codes and recommend changes (completed)**

FY 02/03 Functional Area Studies

Function	Team Lead	Positions	Locations (HQ/Field)
Information Technology	Karen Evans, CIO	420(642) FTE 1000+ Contractor	14/19
Human Resources	Claudia Cross, ME	165(145) FTE 280 Contractor	24/19
Financial Services	Helen Sherman, ME	151 FTE 57 Contractor	1/13
Logistics	Brian Costlow, ME	200(221) FTE TBD Contractor	3/12
Graphics	Brian Costlow, ME	13 FTE	1/0
Civil Rights Reviews (Direct Conversion)	Frank Beserra	8 FTE	1/0

TOTAL

1180 FTE

1337+ Contractor

FY 02/03 Studies Funding

- **All DOE organizations share the cost of studies based on staffing levels**
- **Costs are increasing**
 - **Multiple sites and functions**
 - **Learning curve**
 - **Management Plan/MEO**
- **Funding (approximately) \$6M**
 - **Contractor support**
 - **Training**

Executive Steering Group (ESG)

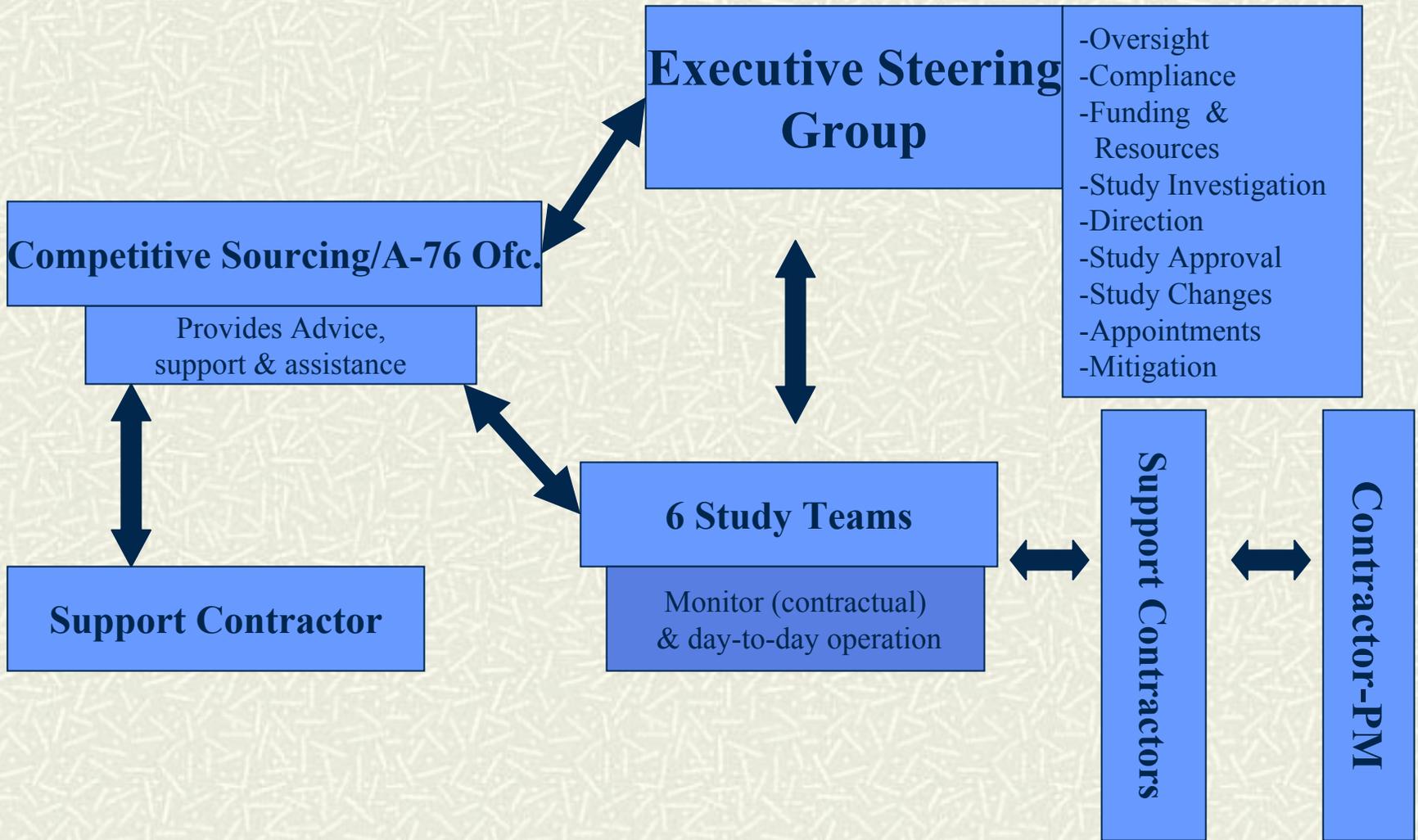
- **Advise the Secretary on what is necessary to accomplish the Department's and the President's Competitive Sourcing Goals**
- **Members**
 - **Deputy Secretary of Energy**
 - **Director, Office of Management, Budget and Evaluation/CFO**
 - **Under Secretary of Energy, Science and Environment**
 - **Under Secretary for Nuclear Security**
- **Advisors**
 - **The General Counsel**
 - **Director, Public Affairs**
 - **Assistant Secretary for Congressional and Intergovernmental Affairs**
 - **National Representatives**
 - **American Federation of Government Employees**
 - **National Treasury Employees Union**

Executive Steering Group (ESG)

➤ Oversight of Competitive Sourcing

- Ensure funding and resources are provided and appropriately utilized
- Functional Area Study Team (FAST) Leaders report to the Executive Steering Group
- Review and provide final Departmental approval for all Competitive Sourcing Study Action Plans, Performance Work Statements, Management Plans and related information
- Approve cost comparison waivers, study modifications and study cancellations
- Appoint officials for the Independent Review Organization, source selection activities, appeals process, transitional and post transition activities
- Provide for arbitration and resolution of cross organizational issues

Operational Roles



Overall Study Status

- **Study teams are organized, support contractors selected**
- **Bi-monthly Functional Area Study Team Leaders meetings**
- **Overview training/VTC - Over 325 trained**
- **Town Hall field site A-76 meetings underway (450+ attendees)**
- **The A-76 management system is being evaluated and for costing data - Wincompare² will be utilized**
 - **Operational within 30 days**
- **Conflicts of Interest rules developed (Jones-Hill Impact)**
- **Non-disclosure agreements being signed by All involved in A-76 studies**

Current ESG Status

➤ ESG DECISIONS – October 30, 2002

- **Approved Revised Financial Services, Information Technology, Logistics and Human Resources Studies Actions Plans and Milestones (DOE Master Plan of Actions and Milestones on www.ma.mbe.doe.gov/a-76)**
- **Address requests for additional funding at next meeting**
- **IT Study:**
 - **Approved expanded size and compressed schedule**
 - **Ensure study addresses what we need, not what we have**
 - **Be cognizant of closure sites**
- **Logistics and Graphics Studies:**
 - **Approved expanded size, change in strategy and change in schedule**

Current ESG Status

- **Human Resources Study:**
 - Approved expanded size and revised schedule
- **Financial Services**
 - Approved schedule timeframe reduction
- **Civil Rights Review Study**
 - Approved use of Federal Supply Schedule Contract for Direct Conversion Study

Study Teams' Status

➤ Financial Services (FS)

- Continuing to conduct Departmental wide all-hands televideo conferences
- PWS released in FedBizOpps – November 14, 2002
- Management Plan development is on schedule
- Study completion date originally scheduled for March 22, 2004, is being revisited

➤ Human Resources Training (HR)

- PWS data collection complete
- First draft PWS expected 3/31/03
- Continuing communications: (1) monthly HR Directors and Training Managers conference calls and (2) E-blasts
- On schedule to begin Management Plan in March 03
- Study completion date August 30, 2004

Study Teams' Status

➤ Logistics

- First draft NNSA (78 FTE) PWS and QASP under review
- Data collection for DOE (143 FTE) PWS is on schedule
- Study completion date November 2004

➤ Graphics

- PWS posted on January 16, 2003
- Management Plan development is underway
- Study completion date August 13, 2003

Study Teams' Status

- **Information Technology (IT)**
 - **Completed Planning/Scoping Phase**
 - **Currently in Data Gathering Phase**
 - **Conducting pre-visit workshops**
 - **Refining decomposition of IT functions**
 - **Conducting Workforce Orientations, training, and interviews during site visits**
 - **PWS Phase - June 02, 2003 thru January 30, 2004**
 - **Study completion date June 10, 2005**
- **Civil Rights Reviews - (Direct Conversion)**
 - **Currently reviewing Final PWS**
 - **Issue Solicitation by March 31, 2003**
 - **Study completion date June 10, 2003**

Future Actions

- **Draft PWS releases**
- **Management Plan/MEO Teams begin bid preparation**
- **Heads of Departmental Elements assistance in helping identify study positions for FY /04/05**
 - **Expect to study more positions in 04/05**
 - **Heads of Departmental Elements to consider**
 - **Commercial Activity Competition**
 - **Potential insourcing**
 - **Interservice Support Agreements**
- **Executive Steering Group will approve Feasibility Study candidates for FY 04/05 Program in April, 2003**
- **FY 04/05 Feasibility Study Working Group established after ESG approval**

FY 04 and Beyond

- **Study Requirements**
 - **Identify the most efficient/effective business cases**
 - **Identify mission impact**
 - **Conduct cost benefit tradeoff analysis**
 - **Identify and evaluate all commercial FTEs by functions, locations and recommend number of studies**
 - **Prepare preliminary products: POA&M, scope, data collection plan, training plan, etc...**
- **ESG approval of 04 and beyond studies: functions, FTEs, contracts, locations, team leaders and number of studies - 08/15/03**
- **Public announcement of new studies – 09/01/03 (tentative)**

HR-Critical Role

- **HR Assistance/Help=Employee Morale**
- **Employees CANNOT know enough about the A-76 process and THEIR RIGHTS**
 - **A-76 process does not change or eliminate ANY employee OPM processes or procedures**
 - **Federal Employees win 50-60% of the studies**
 - **Information is the Key**
- **Labor relations and Unions must be involved and knowledgeable**

For Further Information

- www.ma.mbe.doe.gov/a-76
- **“Hot Line” 202-586-1761**
- **Email: a76@hq.doe.gov**
- **Competitive Sourcing/A-76 Office**
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 - **Robin Mudd (202-586-8829)**